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SUMMARY OF "PROGRAM ACCOUNTING AND BUDGETING IN ALBERTA:"

RETROSPECT AND PROSPECT"

An Evaluation Report by J.A. Riffel, H.N. Watts, and J. Hudson, of HRRC.

Program Accounting and Budgeting (PAB) was an Innovative Project designed to develop improved budgeting and resource allocation practices within Alberta's educational system. Over the past year and a half, ten pilot school districts in Alberta have been involved in the PAB project on an experimental basis. This has been the beginning of the development of a system to assist decision-makers in education to improve the quality of their decisions, and hence to improve the quality of education received by each individual student. This activity has occasioned much discussion and debate.

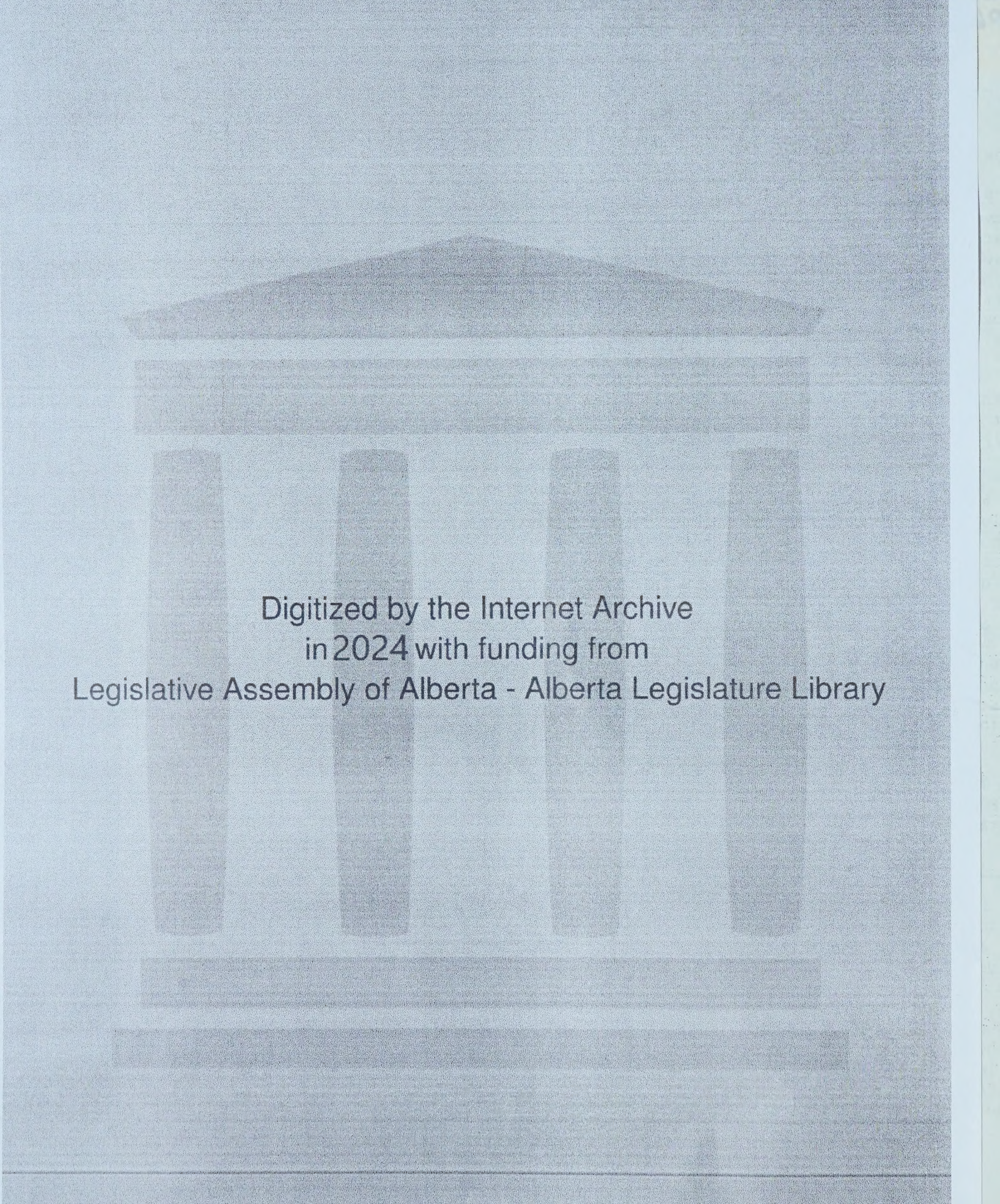
The motivation for the Program Accounting and Budgeting Innovative Project was that school boards and the public at large had become increasingly concerned about the allocation of limited resources. As the demands for resources increased, a corresponding counter-demand developed for accountability in terms of accomplishment.

Specific objectives of the project in the 10 pilot districts were: (a) the development of a standardized accounting system, i.e., a financial classification and coding system, for province-wide use, and (b) the development of a program format for budgeting that would permit resource requirements to be identified with goal-oriented programs. The hope was that the attainment of these objectives would lead to attainment of other objectives requiring a longer development time, such as: (a) the updating and upgrading of budgetary practices by replacing budgets which focused solely on the financial control of expenditures with a type of budget emphasizing responsibility and planning, (b) the improvement of local and provincial financial reporting systems by the establishment of improved data basis, (c) the improvement of analytical capabilities at the school district and provincial levels, and (d) the improvement of the planning process by the provision of improved external and internal cost data.

The HRRC external evaluation was an attempt to take a systematic look at how PAB worked in actual practice, at lessons learned in the field, changes and adaptations, and at possible future policies. A summary of HRRC's report follows.

What is the Potential of Program Accounting and Budgeting (PAB)?

PAB represents the beginning of a system designed to help school jurisdictions and legislators in their increasingly complex task. Decision-makers at all levels must assess emerging needs in order to develop firm goals, set priorities, and evaluate outcomes to better utilize currently available resources and to give more cogent reasons for increasing expenditures in education. The planning process, whereby goals, priorities and resources are adapted to current conditions, is becoming increasingly more important. One of the major ultimate objectives of the PAB project is the facilitation of the planning function on both a short and long term basis. The addition of the planning and evaluative components to the PAB data base provides for the development of a full-scale Planning, Programming, Budgeting, Evaluation System (PPBES).



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The HRRC report notes four positive factors which appeared in each district that made substantial progress toward the development of a PAB System:

1. Active support, both formal and informal, of the superintendent of schools. He evidenced support by (a) asking for information about PAB and by talking about it; and (b) encouraging the use of information generated by PAB throughout the school district rather than at one or two levels alone.
2. The leadership exercised by the secretary-treasurer.
3. The general perception within the district that Program Accounting and Budgeting was essentially a district-wide decision-making tool rather than a device to be used by personnel in the central administrative office alone.
4. The attitudes and interest of the other administrative personnel, particularly in the accounting area, within the school district.

#### Strengths and Weaknesses of PAB

The HRRC report indicates that PAB has, or soon will have, improved the budgeting practices in school systems in the province. The advantages of PAB at the provincial level are different from the advantages at the local level but these are not seen as being in conflict. In addition, PAB seems to be a reasonable starting point for the development of a broader-based PPBE System. It seems to be a useful way to introduce sensitive issues concerning planning and evaluation and to encourage school systems to use these larger concepts when they are ready to do so, rather than when they are forced to do so by the actions of higher levels of government.

Perceived weaknesses include an indicated increase in accounting costs as a result of introduction of PAB, but the extent, if any, of the increase was not determined. Expectations for PAB tended to be very high; when it was realized that these expectations could seldom be reached, users tended to become disappointed with the results. Another perceived weakness was that the length of the budget, and the time required to prepare it, increased.

The HRRC report states that, in general, the results of the efforts of the PAB pilot school districts were commendable and every encouragement should be given to the further development of PAB and PPBE Systems in Alberta. The report also indicates that the province should proceed with PAB fairly rapidly and should continue further developmental work on PPBEs somewhat more slowly.

#### PAB Recommendations

The report suggests that Programming, Accounting and Budgeting should be implemented province-wide no later than January 1, 1975, and no sooner than January 1, 1974. And, in the meantime, provision should be made for those districts that wish to adopt PAB on a voluntary basis at an earlier date. Furthermore, the



report suggests that every assistance should be offered to those school districts which have not participated in the pilot project but who wish to pursue development in their own district immediately. Finally, the report suggests that the minimum statutory reporting requirements of the Department of Education should be reviewed and revised periodically and that this review and revision process should involve both the Department of Education and representative school district personnel.

#### PPBES Recommendations

The report indicates that the implementation of a full-fledged PPBE System may require a large number of mutually supporting changes in the structure, climate and operation of educational systems. It goes on to suggest that every encouragement should be given at the local level for the development of the higher order processes associated with PPBES, and that a representative provincial task force group should be set up to co-ordinate the province-wide development of PPBES. Such a policy and management group should be established at an early date.

The final note in the report cautions that the further work on PPBE Systems should be carefully focused on the integration of the various component processes so that a fragmentary effort does not result.

#### Conclusions

The HRRC report describes an attack on the problems of PAB and PPBE Systems in education. But, notes the report, "What if this attack cannot be realized in practice? What if the natural obstacles to rationalizing decision-making in education proved to be insurmountable? What if PAB or PPBE Systems fail to follow through on their early promises?"

In answer, the final paragraph of the report ends on a note of cautious optimism: "Some failures, at least, are inevitable - but one can usually learn more from them than from success. The process of developing any new approach to decision-making, and PAB and PPBE are no exceptions to this rule, is a continuing cycle of model building, refutation and amendment. It is to be hoped that better models and more adequate tools will gradually become available. Much depends upon sustained developmental efforts, better data, and creative thought."

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